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18 March 1961

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CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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DAILY BRIEF

Laos:

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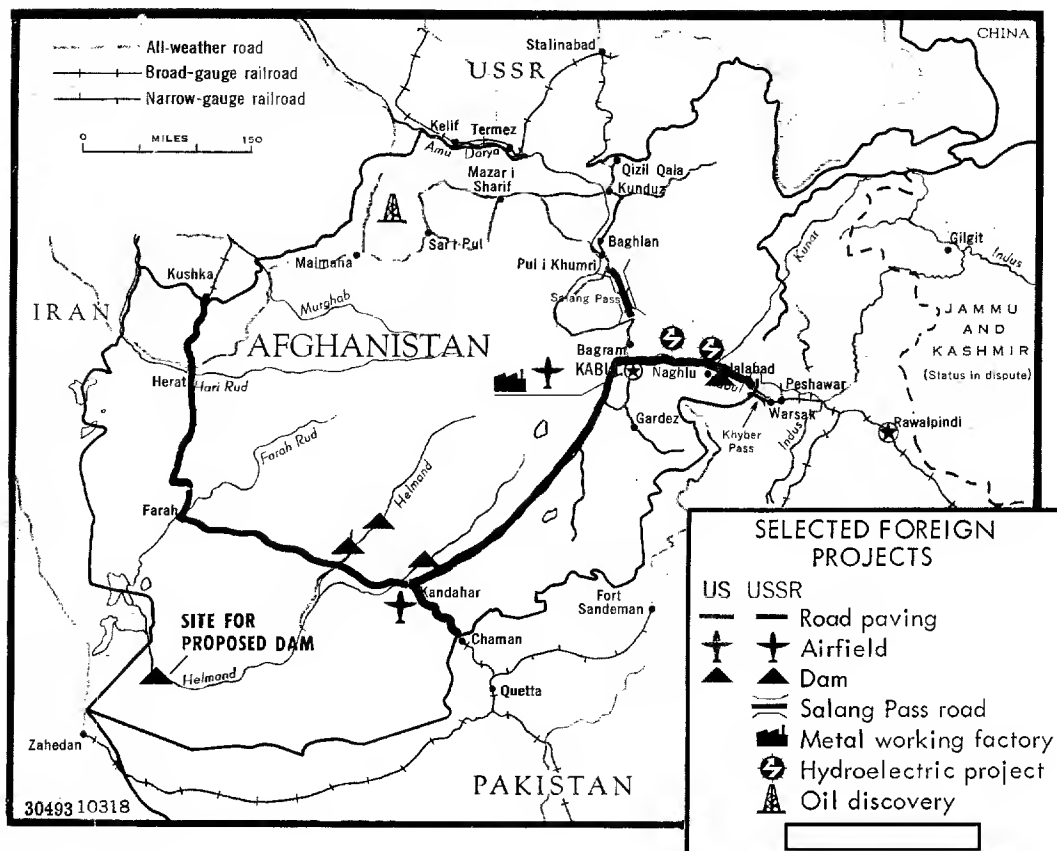
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[Kong Le - Pathet Lao forces are continuing their pressure on government forces both north of the Phou Khoun junction and south of Xieng Khouang. In the former area, forward elements of government forces reportedly were under fire from 105-mm. artillery on 17 March, possibly signaling a new enemy push there. Laotian Army troops in the vicinity of Ban Ta Viang were withdrawing on 17 March toward Tha Thom.]

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Communist China:

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Peiping is also apparently planning to use specialists from France and Sweden in the installation of equipment purchased from these countries.]

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(Backup, Page 2)

Afghanistan-USSR: A visit by a Soviet team in early March to southwest Afghanistan near the Iranian border suggests that Afghanistan is continuing negotiations on a technical level for Soviet assistance to build a new diversion dam in the lower Helmand River valley. These negotiations have apparently been under way since last spring. This project, estimated at \$10,000,000, would probably be included in the Second Five-Year Plan which begins next September. Such an undertaking would bring Soviet construction activity into the southwest corner of the country for the first time. It could divert some of the personnel and resources of Afghanistan's Helmand Valley Authority now being used to develop the more promising upper Helmand, where American assistance has been used for some years to construct irrigation dams and canals. Backup, Page 3) (Map)

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Communist China Seeking Western Technicians

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In addition, at least four French engineers are now in China advising on the operation and maintenance of electric locomotives which the Chinese purchased from a French firm. The French technicians are reportedly instructing large classes of trainees in Paochi, where some of the locomotives are already in service on the Paochi-Chengtou line.

Whatever the outcome of current Sino-Soviet talks on future economic relations, the willingness of the Chinese to use Western technicians, together with observed shifts in their trading pattern, suggests that Peiping is trying to ease the impact of the withdrawal of Soviet technicians and is probably not eager to return to heavy dependence on Soviet equipment and technical aid.

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Afghans Seeking Soviet Aid for Dam Project

Afghanistan first accepted economic assistance from the USSR in 1953, when the latter built the much-publicized grain elevator and bakery in Kabul and began paving the streets of the Afghan capital. In 1955 the Afghans accepted a \$100,000,000 line of Soviet credit under which a number of transportation and power projects are being built. Afghanistan has also received about \$100,000,000 worth of Soviet arms. Total Soviet economic and military assistance extended to Kabul now amounts to over \$250,000,000. During 1960 an estimated 1,600 Soviet technicians and advisory personnel worked on economic development projects in Afghanistan.

Although Soviet economic assistance activity in Afghanistan continued to expand in 1960 as more projects passed from the planning to the construction stage, no new major projects have been authorized since last spring. Afghan-Soviet agreements on new projects apparently await the completion of the draft of the Afghan Second Five-Year Plan. Kabul apparently expects Moscow to provide several hundred million dollars worth of assistance under the plan.

The new diversion dam would be used for irrigation and flood control. Since it would increase Afghanistan's ability to hold back and utilize water when the Helmand River is low, Iran's concern over lack of an agreement with Afghanistan on division of the Helmand waters will increase when construction work begins. Tehran probably would regard the new project as aimed at forcing it to accept what it regards as an unsatisfactory distribution of the waters.

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